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15th Annual Report

State Board of Hail Insurance

To Montana Grain Growers

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Helena, Montana
March 1, 1932.

Honorable J. E. Erickson,
Governor of Montana
Helena.

Dear Sir:

I am pleased to have the honor of submitting to you the fifteenth annual report of the Montana State hail insurance department.

It is fortunate after a year of such widespread drouth and at the same time such severe hail losses, that the fund will enter the hail season of 1932 with a reserve of more than $100,000. This will be a great factor in assuring prompt and full payment of all losses that may occur.

I wish for this Board to convey to you their appreciation for the co-operation received from you and the other state and county officers. Your willing co-operation has made our work lighter in serving those for whom the hail fund was created, that is the Montana Grain growers.

Respectfully submitted,
STATE BOARD OF HAIL INSURANCE
By E. K. Bowman,
Chairman.

IMPORTANT ITEMS ON 1931 HAIL EXPERIENCE

This report is intended to show the items of most interest for the year. Further information will be gladly furnished on Montana State hail insurance on request. For information on obtaining State hail insurance see page six.

NOT MANY INSURED IN 1931

Our grain growers met with the hardest combination of drouth and low prices ever encountered. This resulted in the smallest volume of hail insurance yet written in any year. From 1924 to 1930 there was a healthy increase in the volume. If crop production is favorable in 1932 a big volume is again expected. This prediction is based on the opinions of many farmers who consider hail insurance a necessary part of the cost of producing grain.

MORE TOTAL LOSSES THAN USUAL

In many of the hailed bean fields northeast of Billings and north of Hardin in the irrigated sections, it took a close examination to tell what crops had been growing prior to the hail. Little more than bare ground was left in some fields.

FEWER DELINQUENT ACCOUNTS THAN EXPECTED

Eighty percent of the amount charged for the 1931 hail insurance was paid before December first and a few more have paid since that time. The most of those delinquent are on non-irrigated farms where in some cases crops appeared worth insuring early last spring.

RESERVE FUND MORE THAN $100,000

On February 10, 1932 the reserve fund stood:

Cash with State Treasurer	$ 12,354.00
Montana General Fund warrants	85,000.00
Accrued interest	3,683.00
Total	$101,037.00

The General Fund warrants bring four percent interest and will be re-purchased shortly. This interest goes a long way in paying the cost of running the state office of the department. The paramount value of the reserve is its value in assuring full and prompt payment of losses. A part or all of the reserve may be used in paying 1932 hail losses, if needed. If not, it will be carried forward for future use.

AVERAGE INSURANCE PER ACRE FOR 1931

Small grains carried an average of	$ 6.37
Alfalfa seed	11.53
Beans	11.77
Peas	18.60

HEAVY LOSSES PREVENTED REDUCTION OF RATE

The losses and expenses for the year exceeded the expected income so it was necessary to make the maximum charge. All losses were paid promptly in full. The average cost of State hail insurance was 7 9-10% or $79.00 per $1000.00 of insurance. This still left a big saving as other hail insurance would have cost from $80 to $100 per $1000 for insurance on small grains and from $120 to $150 per $1000 on alfalfa seed, beans and peas.

STATE HAIL FUND HAS RESULTED IN BIG SAVING

Since the starting of the State hail fund thousands of farmers have carried insurance at a saving of about $500,000. In many cases other hail insurance could not have been obtained. Payments received from the hail fund have provided many with badly needed supplies after loss of crops and have bought seed for another year. The average saving in the future should increase as a smaller part of the cost will be needed for the reserve fund.

1931 ADJUSTERS RE-APPOINTED FOR 1932

The present staff of State adjusters is composed of twenty-five local men who are paid a per diem only when called. Also two adjusters at large are employed for about three months for use in big storms and when local men fail to respond. The State adjusters enjoy the fullest confidence of the grain growers. A few more local men will be added in 1932 on the recommendation of farm organizations. During the summer of 1931 a special study was made of the effect of hail damage on alfalfa seed, beans and peas. Studies of this sort reduce the chances of over or under payment of losses and increase the confidence of the grain growers in the ability and fairness of the adjusters.

MAIN STORMS OF 1931—ONE WAS UNUSUAL

The first storm of the season started south of Great Falls. It went through Fife and Waltham and passed directly to the northeast across the Missouri River near Eagle Butte. This destroyed a lot of good winter wheat in a path from three to six miles wide. The second storm of note formed southwest of Glasgow passing to the northeast through central Roosevelt County and through Sheridan County south of Medicine Lake. Crop damage was small because of drouth previously. The cyclonic winds did great damage to buildings. The major storm of the year formed a few miles northeast of Big Timber. It swept rapidly to the east widening to about ten miles just north of Billings. Then its path for nearly one hundred miles more was ten miles or more in width. From Sarpy east it gradually narrowed and faded away near Powderville in northeastern Powder River County about two hundred and fifty miles from its beginning. A rancher from Brandenberg wrote in January, 1932, regarding the storm—"the leaves and small branches, and in some cases the bark, was beaten off the trees. Garden, hay, alfalfa seed, grass, sagebrush and everything simply disappeared. Hail was piled up in drifts three to ten feet deep and several acres in extent. There is still hail under these drifts. Since 1882 we had another such storm but this was most severe." It is estimated that this storm would have destroyed all small grain (had crops been good) in an area of more than 1,500 square miles. The hail stones were enormous in about 500 square miles running in size from small marbles to larger than eggs and in many localities as large as clenched fists.

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Detail of 1931 Risk Written, Premium Charge and Losses, Including 13 Year Loss Ratio

County	1931 Risk	1931 Levy	1931 Losses Paid	1931 Loss Ratio	Average Annual Loss Ratio 13 Years	Average Cost 13 Years
Beaverhead				0	0	7
Big Horn	$ 10,259.16	$ 913.20	$ 5.045.00	49	6	9
Blaine	1,680.00	134.40		0	5	7
Broadwater				0	1	7
Carbon				0	3	10
Carter	600.00	48.00		0	3	7
Cascade	17,183.33	1 202.84	617.50	4	2	9
Chouteau	21,486.66	1,504.06	4,701.96	22	3	8
Custer	1,995.00	155.26		0	9	8
Daniels	11,725.00	938.00	465.00	4	5	7
Dawson				0	6	8
Fallon				0	4	7
Fergus	3,526.66	317.40		0	8	9
Gallatin	44,110.00	3,085.46	587.80	1	7	7
Garfield	2,000.00	180.00		0	8	8
Glacier	10,675.00	960.75	420.00	4	3	8
Golden Valley				0	15	10
Hill	3,920.00	271.18		0	3	7
Jefferson				0	3	7
Judith Basin	1,600.00	144.00		0	4	9
Lake	100.00	5.00		0	0	5
Lewis and Clark				0	0	8
Liberty	2,535.00	177.45		0	2	8
McCone				0	3	7
Madison	735.00	51.45		0	5	6
Meagher	200.00	20.00		0	13	9
Missoula				0	0	7
Musselshell	525.00	52.50	250.00	48	16	9
Park				0	16	9
Petroleum	1,800.00	162.00		0	2	8
Phillips	975.00	78.00		0	5	7
Pondera	4,135.00	330.80	524.00	12	7	9
Powder Riv	2,230.00	191.70		0	7	8
Prairie	2,670.00	213.60		0	7	7
Richland	3,380.00	270.40	168.00	5	4	8
Roosevelt	70,735.00	5,520.80	4,025.00	6	3	7
Rosebud	1,000.00	90.00		0	5	8
Sheridan	4,230.00	338.40	82.00	2	4	8
Stillwater				0	11	10
Sweet Grass				0	6	9
Teton	4,200.00	294.00		0	1	9
Toole	1,500.00	135.00		0	6	8
Treasure	12,860.00	1,147.28	2,379.00	18	8	8
Valley	2,725.00	218.00	318.75	12	4	7
Wheatland	12,300.00	1,230.00	60.00	0	10	9
Wibaux	17,330.00	1,386.40	396.70	2	5	7
Yellowstone	2,880.00	288.00	1,830.00	64	9	9
	$279,805.81	$22,055.33	$21,870.71	8	6	8

ADMINISTRATION ACCOUNT FOR 1931

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	$6,010.02
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment)	$2,298.09
3. Hail adjusters' per diem and expenses	$2,056.91
4. Advertising	$484.68
	$10,849.70
Paid field men for collecting delinquent hail accounts	$736.78
New Ford car (equipment and insurance)	772.18
Total all expenditures	$12,358.66

1931 BUSINESS

Total risk written	$279,805.00
Premium charge	$ 22,055.33
Losses paid	$ 21,870.71
Farmers insured	234
Loss claims filed	48
Total acres insured	38,013
Average insurance per acre	$ 7.37
Average acres insured per farmer	162
Number of days with hail	14
Average cost of insurance	7.9%
Cost of $10 per acre insurance	79c
RESERVE for payment of 1932 losses, if needed, more than	$101,000.00

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH THE GRAIN TO BE INSURED IS GROWING.

Directions for Land Owners

Owners of unencumbered land may obtain hail insurance by merely filling out an application and filing it with the assessor. The assessor has instructions to receive all such applications and to make the charge for them against the land only. The crop lien provision in the application is not to be used and the application is not to be filed with the county clerk and recorder.

Directions for Owners of Mortgaged Land or Land With Delinquent Taxes. If the land is under foreclosure or if taxes are delinquent more than one year, then a prior lien subject only to mortgage for feed and seed, must be given on the crop. This requires no extra form. The crop lien is included in the application you sign for your hail insurance and when the assessor files it with the county clerk and recorder it becomes effective.

4% Discount for Cash Payment for Hail Insurance

When any grain grower pays cash for his hail insurance he will be charged the regular maximum charge for his county less 4%. If a reduction is made later in the rate for the year he will be refunded the proper amount from the state office at Helena.

Directions for Tenants

Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for feed and seed. The crop lien is made a part of the application. If prior liens are a bar to insuring, the tenant must either produce a waiver from the mortgagee and file it with the assessor with his application or else he must pay cash for his hail insurance. Blank waivers may be obtained from any assessor.

When Waivers Are Needed

It is important that the grower take steps to obtain them before applying for his hail insurance. Applications are not accepted and approved until the necessary waivers are filed.

KIND OF CROPS THAT MAY BE INSURED AND AMOUNT OF INSURANCE PER ACRE

Kind of Crop	Nonirrigated Limit Per Acre	Irrigated Limit Per Acre
Wheat	$10	$10
Oats	$10	$10
Flax	$10	$10
Barley	$10	$10
Rye	$10	$10
Buckwheat	$10	$10
Corn	$10	$10
Speltz	$10	$10
Timothy	$10	$10
Sweet Clover Seed	$10	$10
Other Clover Seed	$15	$15
Alfalfa Seed	$15	$15
Peas	$15	$20
Beans	$15	$20
All Hay Crops	$5	$5

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COST OF STATE HAIL INSURANCE

The average cost of State hail insurance in any county may be found by examining the large table of county experience on pages four and five of this report. The loss ratio is also given. To find the present rate in any county look on the backs of the application or policy. The severity of hail has been used as a basis for the zones.

Reduced Rates in Case of Crop Failure. The time allowed for asking a reduction has been extended ten (10) days in many counties. A reduction of the rate for hail insurance on spring grain may now be made as late as July 29 in the counties affected. For full information on this see paragraph 17 on the back of a blank application for hail insurance.

How Much Insurance Per Acre. Experience shows that grain growers can afford to carry hail insurance for actual protection only. State hail insurance can carry not more than $10 per acre on small grains. In former years more than this limit was sometimes wanted but for 1930 and '31 the average grain crop was not worth $10 per acre. For 1931 the average insurance carried per acre by the State department on small grains was only $6.37. This is much lower than in former years. Some are apprehensive lest farmers over-insure but experience has taught them that the amount of hail insurance should be limited by the probable value of the crop.

When to Insure. Practice shows that hail insurance should not be taken out until the grain is stemming and shows promise of a fair crop. Some practice putting on $5 per acre as soon as conditions warrant and then add more towards harvest time. This matter also is one for the grain grower to carefully figure out for his own case. The assessors will be ready at any time to issue the hail insurance as needed.

Adjustment of Losses. The State Board of Hail Insurance has two adjusters who work all summer. Also there are about twenty-five local men who work as called. These men have a number of years experience and know the effect of hail damage on grain. Any claimant who is sure his damage exceeds 5% must file his claim with the state office at Helena. An adjuster is then sent. The average time of adjustment is about a week after the receipt of the claim. The adjustments are made more promptly towards the end of the season.

Payment of Losses. The hail insurance law provides that within 40 days of the occurrence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall be sent the insured. The final payment will be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments in September.

Montana State Hail Insurance Is a Mutual Fund. Full payment of losses depends on the amount of the reserve fund together with the current levy for the year. All losses sustained since 1918 have been paid in full. The present reserve for use in payment of losses is about $101,000.

REASONS WHY GRAIN GROWERS SHOULD USE HAIL INSURANCE

The risk from hail damage exceeds that from fire several times, and therefore is more needed than fire insurance.

A large number of growers consider hail insurance a necessity.

Farmers whose main income depends on grain cannot afford to go without hail insurance.

Hail is the greatest unavoidable risk to which grain is subjected.

State hail insurance payments are not attachable.

Payments may be assigned in any manner desired and may be used as a basis of credit.

It gives more protection at a lower average cost.

PERSONNEL OF STATE BOARD OF HAIL INSURANCE.

E. K. Bowman, Chairman, Helena
Farmer and Member Montana Farmers' Union.

A. H. Stafford, Secretary, Helena
Commissioner of Agriculture.

F. E. Williams, Member, Helena
State Treasurer.

P. J. Anderson, Member, Conrad
Farmer and Former Officer Montana Grange.

B. J. Anderson, Member, Fairview
Farmer and Member Richland County Farm Bureau.

It is the duty of each assessor to furnish grain growers with full information regarding State hail insurance and to assist them in making application for hail insurance. This pamphlet is issued for the purpose of assisting assessors in presenting information to grain growers.

Ideas on the improvement of State hail insurance will be welcomed at any time from county officers or grain growers. Send them to the

STATE BOARD OF HAIL INSURANCE
HELENA, MONTANA

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